



STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

Date Amended:	06/02/03	Bill No:	AB 1412
Tax:	Transactions and Use	Author:	Wolk, et al
Board Position:		Related Bills:	ACA 7 (Dutra) ACA 9 (Levine) ACA 14 (Steinberg/Campbell) ACA 15 (Levine) SB 402 (Florez) SB 566 (Scott) SCA 2 (Torlakson) SCA 11 (Alarcon)

BILL SUMMARY

This bill would authorize the cities of American Canyon, Benicia, Beverly Hills, Calistoga, Capitola, Colton, Culver City, Fairfield, Fontana, King City, Los Angeles, Malibu, Monterey, Napa, Pacific Grove, Rialto, Rio Vista, Rohnert Park, San Bernardino, San Fernando, Sand City, Santa Cruz, Santa Monica, Santa Rosa, Scott's Valley, Soledad, St. Helena, Suisun City, Vacaville, Vallejo, Watsonville, West Hollywood, Winters, and Yountville to levy a transactions and use tax at a rate of 0.25 or 0.50 percent, subject to two-thirds approval by the city councils, and either a two-thirds or majority voter approval, as determined by the ordinance proposing the tax and establishing how the revenues will be spent. This bill would also authorize the City of Petaluma, subject to either two-thirds or majority voter approval, depending on how the revenues will be spent, to levy a transactions and use tax at a rate of 0.25, 0.50, 0.75, or 1 percent.

Summary of Amendments

Since the previous analysis, this bill was amended to: (1) delete the communities of Arleta, Dixon, Lake View Terrace, Mission Hills, North Hills, North Hollywood, Pacoima, Panorama City, Sun Valley, Sylmar, and Van Nuys; (2) add the cities of Capitola, Culver City, King City, Malibu, Monterey, Pacific Grove, Rohnert Park, Sand City, Santa Cruz, Santa Monica, Scott's Valley, Soledad, Watsonville, and West Hollywood; and (3) authorize the City of Petaluma, subject to either two-thirds or majority voter approval, depending on how the revenues will be spent, to levy a transactions and use tax at a rate of 0.25, 0.50, 0.75, or 1 percent.

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ANALYSIS

Current Law

The **Bradley-Burns Uniform Local Sales and Use Tax Law** (Part 1.5, Division 2 of the Revenue and Taxation Code) authorizes counties and cities to impose a local sales and use tax. The tax rate is fixed at 1.25 percent of the sales price of tangible personal property sold at retail in the county, or purchased outside the county for use in the county. All counties within California have adopted ordinances under the terms of the Bradley-Burns Law and levy the 1.25 percent local tax.

Under the Bradley-Burns Law, the 0.25 percent tax rate is earmarked for county transportation purposes, and 1 percent may be used for general purposes. Cities are authorized to impose a sales and use tax at a rate of up to 1 percent, which is credited against the county rate so that the combined local tax rate under the Bradley-Burns Law does not exceed 1.25 percent.

Under the **Transactions and Use Tax Law** (Parts 1.6 and 1.7, Division 2 of the Revenue and Taxation Code), counties are additionally authorized to impose a transactions and use tax at a rate of 0.25 percent, or multiple thereof, if the ordinance imposing that tax is approved by the voters. Under all sections of the Transactions and Use Tax Law, the maximum allowable combined rate of transactions and use taxes levied in any county may not exceed 1.50 percent, with the exception of the City and County of San Francisco and the County of San Mateo, whose combined rates may not exceed 1.75 and 2 percent, respectively.

Section 7285 of the Transactions and Use Tax Law allows counties to levy a transactions and use tax at a rate of 0.25 percent, or multiple thereof, for general purposes with the approval of a majority of the voters. Section 7285.5 permits the board of supervisors of any county to levy a transactions and use tax at a rate of 0.25 percent, or multiple thereof, for specific purposes with the approval of two-thirds of the voters.

Section 7286.59 allows counties to levy a transactions and use tax at a rate of 0.125 or 0.25 percent for purposes of funding public libraries, upon two-thirds voter approval. Finally, Section 7288.1 also allows counties to establish a Local Public Finance Authority to adopt an ordinance to impose a transactions and use tax at a rate of 0.25 percent, or multiple thereof, for purposes of funding drug abuse prevention, crime prevention, health care services, and public education upon two-thirds voter approval.

As previously stated, Sections 7285, 7285.5, 7286.59, and 7288.1, authorize counties to levy transactions and use taxes under specified conditions. There is no such authority for cities to impose these taxes. Any city desiring to impose a transactions and use tax must seek special enabling legislation from the California legislature.

The following cities, through specific legislation, have received authorization to impose a transactions and use tax: Avalon, Calexico, Clearlake, Clovis, Davis, Fort Bragg, Fresno (and its sphere of influence), Lakeport, Madera, North Lake Tahoe (within boundaries established in legislation), Placerville, Point Arena, Redding, Salinas,

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Sebastopol, Town of Truckee, Ukiah, Visalia, West Sacramento, Willits, Woodland, and the Town of Yucca Valley. Currently, only the cities of Avalon, Calexico, Clearlake, Clovis, Placerville, Sebastopol, the Town of Truckee, West Sacramento, and Woodland are imposing a tax. The City of Fresno (and its sphere of influence) had imposed a tax for the period 7/1/93 through 3/21/96; however, this tax ceased to be operative, as it was declared unconstitutional [*Howard Jarvis Taxpayers' Association V. Fresno Metropolitan Projects Authority* (1995)].

The Board performs all functions in the administration and operations of the ordinances imposing the Bradley-Burns Uniform Local Sales and Use Tax and the Transactions and Use Taxes and all local jurisdictions imposing these local taxes are required to contract with the Board for administration of these taxes.

Proposed Law

This bill would add Chapter 2.66 (commencing with Section 7286.27) to Part 1.7 of Division 2 of the Revenue and Taxation Code to authorize a qualified city to impose a transactions and use tax at a rate of 0.25 or 0.50 percent, upon two-thirds approval by the city council, and either a two-thirds or a majority approval of the voters. The ordinance proposing the tax would establish how the revenues would be expended and, therefore, determine the vote requirement. This bill defines a "qualified city" as the City of American Canyon, the City of Benicia, the City of Beverly Hills, the City of Calistoga, the City of Capitola, the City of Colton, the City of Culver City, the City of Fairfield, the City of Fontana, the City of King City, the City of Los Angeles, the City of Malibu, the City of Monterey, the City of Napa, the City of Pacific Grove, the City of Rialto, the City of Rio Vista, the City of Rohnert Park, the City of San Bernardino, the City of San Fernando, the City of San Jose, the City of Santa Cruz, the City of Santa Monica, the City of Santa Rosa, the City of Scott's Valley, the City of Soledad, the City of St. Helena, the City of Suisun City, the City of Vacaville, the City of Vallejo, the City of Watsonville, the City of West Hollywood, the City of Winters, and the City of Yountville. The tax would be levied pursuant to existing law regarding transactions and use taxes (Part 1.6, commencing with Section 7251). This bill also includes findings and declarations that a special law is necessary because of the uniquely difficult fiscal pressures being experienced by these cities in providing essential services and funding for city programs and operations.

This bill would also authorize the City of Petaluma to impose a transactions and use tax at a rate of 0.25, 0.50, 0.75, or 1 percent, upon two-thirds approval of the city council, and either a two-thirds or a majority vote of the qualified voters of the city voting in an election on the issue. The ordinance proposing the tax would establish how the revenues would be expended, and therefore determine the vote requirement.

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Background

Several bills were passed during the 2002 legislative year that authorized cities to impose transactions and use taxes.

AB 7 (Ch. 330, Stats. 2002) authorizes the City of Davis to impose a transactions and use tax rate at a rate of 0.25 or 0.50 percent, subject to two-thirds or majority voter approval, depending on how the revenues will be spent.

AB 902 (Ch. 331, Stats. 2002) authorizes the cities of Clearlake, Fort Bragg, Point Arena, Ukiah, and Willits, subject to two-thirds voter approval, to levy a transactions and use tax at a rate of 0.25 percent, or multiple thereof, not to exceed to 1 percent, for funding of the cities' road systems.

AB 2061 (Ch. 338, Stats. 2002) authorizes the City of Salinas, subject to two-thirds voter approval, to levy a transactions and use tax rate of 0.25 percent, for expenditure on identifiable capital facilities, furnishings, and equipment.

AB 2758 (Ch. 346, Stats. 2002) authorizes the City of Visalia, subject to two-thirds voter approval, to levy a transactions and use tax at a rate of 0.25 percent, for the improvement of public safety, fire, and law enforcement services.

SB 1889, (Ch. 119, Stats. 2002) authorizes the City of Redding, subject to majority voter approval, to levy a transactions and use tax at a rate of 0.25 percent, for general governmental purposes.

COMMENTS

1. **Sponsor and purpose.** This bill is sponsored by the authors to enable the cities named in this bill to raise additional revenues for essential services and funding for city programs and operations.
2. **Key amendments.** The **April 21 amendments** included Board suggested technical amendments, as well as the following: (1) deleted the communities (Arleta, Lake View Terrace, Mission Hills, North Hills, North Hollywood, Pacoima, Panorama City, Sun Valley, Sylmar, and Van Nuys) that were not incorporated cities; (2) deleted the City of Dixon; (3) added the cities of Capitola, Santa Cruz, Santa Monica, Scott's Valley, and Soledad; and (4) authorized the City of Petaluma, subject to either two-thirds or majority voter approval, depending on how the revenues will be spent, to levy a transactions and use tax at a rate of 0.25, 0.50, 0.75, or 1 percent. The **April 30 amendments** added the cities of Malibu, Monterey, Pacific Grove, Sand City, and West Hollywood. The **proposed May amendments** added the cities of Culver City, King City, Rohnert Park, and Watsonville.

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3. **The tax rate imposed by a city limits the total transactions and use tax rate imposed within the county.** As previously stated, the Transactions and Use Tax Law places a limit on the total transactions and use tax rate that may be levied within a county. The maximum allowable rate is 1.50 percent, except in the City and County of San Francisco and the County of San Mateo, which through special legislation, may not exceed 1.75 and 2 percent, respectively. Therefore, any transactions and use tax imposed in a city counts against the 1.50 percent rate limitation, thus restricting the transactions and use tax rate that may be imposed in a county.

The cities named in this bill are located within the counties of Los Angeles, Monterey, Napa, San Bernardino, Santa Cruz, Solano, Sonoma, and Yolo. The cities located within Los Angeles County are Beverly Hills, Culver City, Los Angeles, Malibu, San Fernando, Santa Monica, and West Hollywood. Los Angeles County imposes two transactions and use taxes for a total county-wide transactions and use tax rate of 1 percent. The combined state and local tax rate throughout Los Angeles County, with the exception of the City of Avalon, is 8.25 percent. The City of Avalon imposes a 0.50 percent (1/2 percent) transactions and use tax, for a total combined state and local tax rate within the City of Avalon of 8.75 percent. Because the City of Avalon imposes a 0.50 percent (1/2 percent) tax and Los Angeles County imposes a countywide 1 percent tax, Los Angeles County has reached the maximum allowable rate of 1.50 percent and, therefore, is prohibited from imposing any additional countywide transactions and use taxes. Additional cities in Los Angeles County may impose up to 0.50 percent transactions and use tax and still allow Los Angeles County to remain at the maximum allowable rate.

The cities located within Monterey County are Monterey, Pacific Grove, Sand City, and Soledad. Monterey County imposes no countywide transactions and use tax. Therefore, the combined state and local tax rate throughout Monterey County is 7.25 percent.

The cities located within Napa County are American Canyon, Calistoga, Napa, St. Helena, and Yountville. Napa County imposes a countywide transactions and use tax of 0.50 percent (1/2 percent) for a total combined state and local tax rate of 7.75 percent. Thus, if Napa County wished to levy an additional countywide transactions and use tax, it would currently be limited to a rate of 1 percent.

The cities located within San Bernardino County are Colton, Fontana, Rialto, and San Bernardino. San Bernardino imposes a transactions and use tax of 0.50 percent (1/2 percent) for a total combined state and local tax of 7.75 percent. Thus, if San Bernardino County wished to levy an additional countywide transactions and use tax, it would currently be limited to a rate of 1 percent.

The cities located within Santa Cruz County are Capitola, Santa Cruz, Scott's Valley, and Watsonville. Santa Cruz County imposes two imposes two transactions and use taxes for a total county-wide transactions and use tax rate of 1 percent. The combined state and local tax rate throughout Santa Cruz County is 8.25 percent. Thus, if Santa Cruz County wished to levy an additional countywide transactions and use tax, it would currently be limited to a rate of 0.50 percent.

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The cities located within Solano County are Benicia, Fairfield, Rio Vista, Suisun City, Vacaville, and Vallejo. Solano County imposes a countywide transactions and use tax of 0.125 percent (1/8 percent) for a total combined state and local tax of 7.375 percent. Thus, if Solano County wished to levy an additional countywide transactions and use tax, it would currently be limited to a rate of 1.375 percent.

The cities located within Sonoma County are Petaluma, Rohnert Park, and Santa Rosa. Sonoma County imposes a countywide transactions and use tax of 0.25 percent (1/4 percent). The total combined state and local tax rate throughout Sonoma County, with the exception of the City of Sebastopol, is 7.50 percent. The City of Sebastopol will begin imposing an 0.125 percent (1/8 percent) transactions and use tax. The total combined state and local tax rate within the City of Sebastopol is 7.625 percent. Because the City of Sebastopol imposes a rate of 0.125 percent (1/8 percent) and Sonoma County imposes a countywide rate of 0.25 percent (1/4 percent), Sonoma County is limited to imposing an additional countywide transactions and use tax rate of 1.125 percent.

The City of Winters is located within Yolo County. Yolo County imposes no countywide transactions and use tax. Therefore, the combined state and local tax rate throughout Yolo County, with the exception of the cities of West Sacramento and Woodland, is 7.25 percent. The cities of West Sacramento and Woodland impose a transactions and use tax at a rate of 0.50 percent (1/2 percent), so the total combined state and local tax rate in both of these cities is 7.75 percent. Because the cities of West Sacramento and Woodland each impose a tax of 0.50 percent (1/2 percent), Yolo County is limited to imposing a countywide transactions and use tax rate of 1 percent.

4. **The Board's administrative costs, in some instances, would exceed the cap, and result in the General Fund subsidizing the tax.** The Board's total administrative costs are driven by the workload involved in processing returns and are relatively fixed. As originally enacted, Revenue and Taxation Code Section 7273 set specific rates by which the Board would be reimbursed for its costs. Beginning with the 1993-1994 Budget Year, the section was amended to require the Board to recover its full administrative costs. The section was subsequently amended again to require, beginning with the 1998-1999 Budget Year, the Board to cap administrative costs based on the lesser of the ratio during the first full year the tax is in effect, or a predetermined amount based on the tax rate and applied to the revenues generated in the taxing jurisdiction. The maximum administrative costs for a district imposing a transaction and use tax of 0.25 percent (1/4 percent) is capped at 3 percent of the revenue generated, while the maximum for a tax of 0.50 percent (1/2 percent) or greater is capped at 1.5 percent.

Based on the projected revenues (see Revenue Estimate), if some of cities named in this bill were to impose a tax, it is expected that the administrative costs would exceed the cap. This means that the General Fund must make up the difference between the costs incurred by the Board and the amount the Board is permitted to charge. **The cities for which it is anticipated that the administrative costs**

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would exceed the cap are American Canyon, Calistoga, King City, Rio Vista, Suisun City, Winters, and Yountville (see Cost Estimate).

The Board's 2002-03 estimated base assessment of administrative costs to special taxing jurisdictions range between a low of \$11,000 (City of Avalon Municipal Hospital and Clinic) and a high of \$6.5 million (Los Angeles County Transportation Commission).

There are several special taxing jurisdictions where the administrative costs exceed the cap. As previously stated, because the Board is limited in the amount it may charge special taxing jurisdictions, any deficit that results from administration costs exceeding the amount the Board may charge would come out of the General Fund. For 2002-03, it is estimated that the General Fund will absorb approximately \$1.1 million as a result of the cap limitations on administrative costs.

5. **Erosion of Uniformity of the Bradley-Burns System.** As previously noted, the Bradley-Burns Uniform Local Sales and Use Tax Law was enacted to levy a single rate statewide and eliminate the balkanization of tax rates that had existed in the ten years prior to its enactment. The plethora of city-wide taxes previously enacted and proposed in this bill would further accelerate the slide back to the pre-Bradley-Burns era. Merchants who ship their goods around the state are faced with an ever-more-confusing set of tax rates and questions about whether or not they have to collect the taxes involved. The administrative burdens and costs for California retailers are thus multiplied.
6. **Related Legislation. SB 402 (Florez)** would authorize the cities of Coalinga and Huron, with the approval of two-thirds of the voters of the respective cities, to levy a transactions and use tax at a rate of at least 0.25 percent, but not to exceed 0.50 percent, for recreation and park services by the Coalinga-Huron Recreation and Park District within the boundaries of the cities of Coalinga and Huron. **SB 566 (Scott)** would provide that, with respect to Los Angeles County, the combined rate of transactions and use taxes may not exceed 2 percent.

Six bills introduced in 2003 would place on the ballot a constitutional amendment to change the voter approval requirement for special taxes. **ACA 7 (Dutra)** would constitutionally authorize local transportation agencies and regional transportation agencies, with the approval of 55 percent of the voters in the jurisdiction, to impose a transactions and use tax for a period of 20 to 30 years, as specified, at a rate of 0.50 percent to be used exclusively for transportation purposes. **ACA 9 (Levine)** would constitutionally authorize a city, county, or special district to impose a qualified special tax, as defined, to fund capital infrastructure construction projects, with the approval of a majority of the voters. **ACA 14 (Steinberg/Campbell)** would constitutionally authorize a local government, with the approval of 55 percent of the voters, to impose a special tax to fund local infrastructure projects, including general infrastructure, construction of emergency shelters and affordable housing, conservation of agricultural and open-space land, and neighborhood improvements. **ACA 15 (Wiggins)** would constitutionally authorize local governments, with the approval of a majority of the voters, to impose a special tax to fund local public safety departments, as defined.

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SCA 2 (Torlakson) would constitutionally authorize cities, counties, cities and counties, and regional transportation agencies, with the approval of a majority of the voters in the jurisdiction, to impose a transactions and use tax to be used exclusively for funding transportation projects and services and related smart growth planning. **SCA 11 (Alarcon)** would constitutionally authorize local governments, with the approval of a majority of the voters, to impose a special tax or incur indebtedness in the form of general obligation bonds to fund infrastructure projects, including construction of affordable housing for very low, low, and moderate income, transportation enhancement activities, acquisition of land for open-space use, and other general infrastructure needs.

COST ESTIMATE

This bill does not increase administrative costs to the Board because it only authorizes the cities named to impose a tax. However, if the cities passed the required ordinances, they would be required to contract with the Board to perform functions related to the ordinances, and reimburse the Board for their preparation costs as well as the ongoing costs for the Board's services in actually administering the ordinances.

Based on the Board's experience with similar special-purpose taxes, it is estimated that the one-time preparatory costs could range between \$15,000 and \$40,000. This one-time preparatory cost is not subject to the cap restriction under Revenue and Taxation Code Section 7273. However, the estimated ongoing administrative costs are subject to the cap. For the cities named in this bill, the ongoing administrative costs assessed to these cities could not exceed the following amounts for the various tax rates:

American Canyon - \$8,910 for the 0.25 percent rate (3% X \$297,000) and 0.50 percent (1.5% X \$594,000);

Benicia - \$24,750 for the 0.25 percent rate (3% X \$825,000) and 0.50 percent (1.5% X \$1,651,000);

Beverly Hills - \$120,420 for the 0.25 percent rate (3% X \$4,014,000) and 0.50 percent (1.5% X \$8,027,000);

Calistoga - \$4,530 for the 0.25 percent rate (3% X \$151,000) and 0.50 percent (1.5% X \$302,000);

Capitola - \$34,710 for the 0.25 percent rate (3% X \$1,157,000) and 0.50 percent (1.5% X \$2,315,000);

Colton - \$44,940 for the 0.25 percent rate (3% X \$1,498,000) and 0.50 percent (1.5% X \$2,996,000);

Culver City - \$96,390 for the 0.25 percent rate (3% X \$3,213,000) and 0.50 percent (1.5% X \$6,426,000);

Fairfield - \$104,160 for the 0.25 percent rate (3% X \$3,472,000) and 0.50 percent (1.5% X \$6,944,000);

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Fontana - \$89,670 for the 0.25 percent rate (3% X \$2,989,000) and 0.50 percent (1.5% X \$5,978,000);

King City - \$7,080 for the 0.25 percent rate (3% X \$236,000) and 0.50 percent (1.5% X \$473,000);

Los Angeles - \$2,363,565 for the 0.25 percent rate (3% X \$78,786,000) and 0.50 percent (1.5% X \$157,571,000);

Malibu - \$13,050 for the 0.25 percent rate (3% X \$435,000) and 0.50 percent (1.5% X \$869,000);

Monterey - \$43,860 for the 0.25 percent rate (3% X \$1,462,000) and 0.50 percent (1.5% X \$2,924,000);

Napa - \$69,870 for the 0.25 percent rate (3% X \$2,329,000) and 0.50 percent (1.5% X \$4,659,000);

Pacific Grove - \$10,950 for the 0.25 percent rate (3% X \$365,000) and 0.50 percent (1.5% X \$730,000);

Petaluma - \$70,230 for the 0.25 percent rate (3% X \$2,341,000) and 0.50, 0.75, and 1percent (1.5% X \$4,683,000);

Rialto - \$52,470 for the 0.25 percent rate (3% X \$1,749,000) and 0.50 percent (1.5% X \$3,498,000);

Rio Vista - \$5,550 for the 0.25 percent rate (3% X \$185,000) and 0.50 percent (1.5% X \$370,000);

Rohnert Park - \$40,830 for the 0.25 percent rate (3% X \$1,361,000) and 0.50 percent (1.5% X \$2,721,000);

San Bernardino - \$188,400 for the 0.25 percent rate (3% X \$6,280,000) and 0.50 percent (1.5% X \$12,561,000);

San Fernando - \$29,880 for the 0.25 percent rate (3% X \$996,000) and 0.50 percent (1.5% X \$1,992,000);

Sand City - \$17,130 for the 0.25 percent rate (3% X \$571,000) and 0.50 percent (1.5% X \$1,141,000);

Santa Cruz - \$58,740 for the 0.25 percent rate (3% X \$1,958,000) and 0.50 percent (1.5% X \$3,916,000);

Santa Monica - \$166,050 for the 0.25 percent rate (3% X \$5,535,000) and 0.50 percent (1.5% X \$11,071,000)

Santa Rosa - \$200,580 for the 0.25 percent rate (3% X \$6,686,000) and 0.50 percent (1.5% X \$13,372,000);

Scott's Valley - \$13,080 for the 0.25 percent rate (3% X \$436,000) and 0.50 percent (1.5% X \$873,000);

Soledad - \$2,520 for the 0.25 percent rate (3% X \$84,000) and 0.50 percent (1.5% X \$167,000);

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St. Helena - \$13,980 for the 0.25 percent rate (3% X \$466,000) and 0.50 percent (1.5% X \$933,000);

Suisun City - \$5,910 for the 0.25 percent rate (3% X \$197,000) and 0.50 percent (1.5% X \$395,000);

Vacaville - \$77,940 for the 0.25 percent rate (3% X \$2,598,000) and 0.50 percent (1.5% X \$5,197,000);

Vallejo - \$81,060 for the 0.25 percent rate (3% X \$2,702,000) and 0.50 percent (1.5% X \$5,403,000);

Watsonville - \$36,750 for the 0.25 percent rate (3% X \$1,225,000) and 0.50 percent (1.5% X \$2,450,000);

West Hollywood - \$52,650 for the 0.25 percent rate (3% X \$1,755,000) and 0.50 percent (1.5% X \$3,509,000);

Winters - \$1,410 for the 0.25 percent rate (3% X \$47,000) and 0.50 percent (1.5% X \$93,000); and,

Yountville - \$2,970 for the 0.25 percent rate (3% X \$99,000) and 0.50 percent (1.5% X \$198,000).

As noted in Comment 4, for American Canyon, Calistoga, King City, Rio Vista, Soledad, Suisun City, Winters and Yountville, it is possible that the administrative costs could exceed the cap, resulting in the General Fund subsidizing the difference.

REVENUE ESTIMATE

Background, Methodology, and Assumptions

This bill defines a "qualified city"* as the following:

American Canyon	Monterey	Santa Rosa
Benicia	Napa	Scott's Valley
Beverly Hills	Pacific Grove	Soledad
Calistoga	Rialto	St. Helena
Capitola	Rio Vista	Suisun City
Colton	Rohnert Park	Vacaville
Culver City	San Bernardino	Vallejo
Fairfield	San Fernando	Watsonville
Fontana	Sand City	West Hollywood
King City	Santa Cruz	Winters
Los Angeles	Santa Monica	Yountville
Malibu		

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Taxable sales for the incorporated cities during the 2001-02 fiscal year are as follows:

<u>City</u>	<u>Taxable Sales 2001-02 (in thousands)</u>
American Canyon	\$ 118,862
Benicia	330,109
Beverly Hills	1,605,414
Calistoga	60,451
Capitola	462,907
Colton	599,182
Culver City	1,285,238
Fairfield	1,388,892
Fontana	1,195,505
King City	94,538
Los Angeles	31,514,208
Malibu	173,815
Monterey	584,703
Napa	931,710
Pacific Grove	145,977
Petaluma	936,528
Rialto	699,662
Rio Vista	73,945
Rohnert Park	544,277
San Bernardino	2,512,173
San Fernando	398,422
Sand City	228,230
Santa Cruz	783,245
Santa Monica	2,214,183
Santa Rosa	2,674,417
Scott's Valley	174,508
Soledad	33,491
St. Helena	186,592
Suisun City	78,986
Vacaville	1,039,380
Vallejo	1,080,689
Watsonville	489,974
West Hollywood	701,840
Winters	18,660
Yountville	39,563

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Revenue Summary

A transactions and use tax in the following cities would raise the following amounts annually.

City of	Rate/Revenue (in thousands)		City of	Rate/Revenue (in thousands)	
	<u>1/4 %</u>	<u>1/2 %</u>		<u>1/4 %</u>	<u>1/2 %</u>
American Canyon	\$ 297	\$ 594	Rohnert Park	1,361	2,721
Benicia	825	1651	San Bernardino	\$ 6,280	\$ 12,561
Beverly Hills	4,014	8,027	San Fernando	996	1,992
Calistoga	151	302	Sand City	571	1,141
Capitola	1,157	2,315	Santa Cruz	1,958	3,916
Colton	1,498	2,996	Santa Monica	5,535	11,071
Culver City	3,213	6,426	Santa Rosa	6,686	13,372
Fairfield	3,472	6,944	Scott's Valley	436	873
Fontana	2,989	5,978	Soledad	84	167
King City	236	473	St. Helena	466	933
Los Angeles	78,786	157,571	Suisun City	197	395
Malibu	435	869	Vacaville	2,598	5,197
Monterey	1,462	2,924	Vallejo	2,702	5,403
Napa	2,329	4,659	Watsonville	1,225	2,450
Pacific Grove	365	730	West Hollywood	1,755	3,509
Rialto	1,749	3,498	Winters	47	93
Rio Vista	185	370	Yountville	99	198

The transaction and use tax for the City of Petaluma would raise the following amounts annually.

Rate	Revenue (in thousands)
1/4 %	\$ 2,341
1/2 %	4,683
3/4 %	7,024
1 %	9,365

Analysis prepared by:	Debra Waltz	916-324-1890	05/12/03
Revenue estimate by:	Dave Hayes	916-445-0840	
Contact:	Margaret S. Shedd	916-322-2376	

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This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board's formal position.

Attachment 1
California Sales, Transactions and Use Tax Rates by County
Effective 01/01/03

01 Alameda	
State	6.00
Local	1.25
ACTA [#]	0.50
ACTI [#]	0.50
BART	0.50
	<hr/> 8.25

02 Alpine	
State	6.00
Local	1.25
	<hr/> 7.25

03 Amador	
State	6.00
Local	1.25
	<hr/> 7.25

04 Butte	
State	6.00
Local	1.25
	<hr/> 7.25

05 Calaveras	
State	6.00
Local	1.25
	<hr/> 7.25

06 Colusa	
State	6.00
Local	1.25
	<hr/> 7.25

07 Contra Costa	
State	6.00
Local	1.25
CCTA	0.50
BART	0.50
	<hr/> 8.25

08 Del Norte	
State	6.00
Local	1.25
	<hr/> 7.25

09 El Dorado	
State	6.00
Local	1.25
PLPS*	0.25
	<hr/> 7.50

10 Fresno	
State	6.00
Local	1.25
FCTA	0.50
FCPL	0.125
CCPS*	0.30
	<hr/> 8.175

11 Glenn	
State	6.00
Local	1.25
	<hr/> 7.25

12 Humboldt	
State	6.00
Local	1.25
	<hr/> 7.25

13 Imperial	
State	6.00
Local	1.25
IMTA	0.50
CXHD*	0.50
	<hr/> 8.25

14 Inyo	
State	6.00
Local	1.25
INRC	0.50
	<hr/> 7.75

15 Kern	
State	6.00
Local	1.25
	<hr/> 7.25

16 Kings	
State	6.00
Local	1.25
	<hr/> 7.25

17 Lake	
State	6.00
Local	1.25
CLPS*	0.50
	<hr/> 7.75

18 Lassen	
State	6.00
Local	1.25
	<hr/> 7.25

19 Los Angeles	
State	6.00
Local	1.25
LATC	0.50
LACT	0.50
AMHC*	0.50
	<hr/> 8.75

20 Madera	
State	6.00
Local	1.25
MCTA	0.50
	<hr/> 7.75

21 Marin	
State	6.00
Local	1.25
	<hr/> 7.25

22 Mariposa	
State	6.00
Local	1.25
MCHA	0.50
	<hr/> 7.75

23 Mendocino	
State	6.00
Local	1.25
	<hr/> 7.25

24 Merced	
State	6.00
Local	1.25
	<hr/> 7.25

25 Modoc	
State	6.00
Local	1.25
	<hr/> 7.25

26 Mono	
State	6.00
Local	1.25
	<hr/> 7.25

27 Monterey	
State	6.00
Local	1.25
	<hr/> 7.25

28 Napa	
State	6.00
Local	1.25
NCFP	0.50
	<hr/> 7.75

29 Nevada	
State	6.00
Local	1.25
NVPL	0.125
TRSR*	0.50
	<hr/> 7.875

30 Orange	
State	6.00
Local	1.25
OCTA	0.50
	<hr/> 7.75

31 Placer	
State	6.00
Local	1.25
	<hr/> 7.25

32 Plumas	
State	6.00
Local	1.25
	<hr/> 7.25

33 Riverside	
State	6.00
Local	1.25
RCTC	0.50
	<u>7.75</u>

34 Sacramento	
State	6.00
Local	1.25
STAT	0.50
	<u>7.75</u>

35 San Benito	
State	6.00
Local	1.25
	<u>7.25</u>

36 San Bernardino	
State	6.00
Local	1.25
SBER	0.50
	<u>7.75</u>

37 San Diego	
State	6.00
Local	1.25
SDTC	0.50
	<u>7.75</u>

38 San Francisco	
State	6.00
Local	1.25
SFTA	0.50
SFPF	0.25
BART	0.50
	<u>8.50</u>

39 San Joaquin	
State	6.00
Local	1.25
SJTA	0.50
	<u>7.75</u>

40 San Luis Obispo	
State	6.00
Local	1.25
	<u>7.25</u>

41 San Mateo	
State	6.00
Local	1.25
SMTA	0.50
SMCT	0.50
	<u>8.25</u>

42 Santa Barbara	
State	6.00
Local	1.25
SBAB	0.50
	<u>7.75</u>

43 Santa Clara	
State	6.00
Local	1.25
SCCT	0.50
SCGF	0.50
	<u>8.25</u>

44 Santa Cruz	
State	6.00
Local	1.25
SCMT	0.50
SZPL	0.25
	<u>8.00</u>

45 Shasta	
State	6.00
Local	1.25
	<u>7.25</u>

46 Sierra	
State	6.00
Local	1.25
	<u>7.25</u>

47 Siskiyou	
State	6.00
Local	1.25
	<u>7.25</u>

48 Solano	
State	6.00
Local	1.25
SLPL	0.125
	<u>7.375</u>

49 Sonoma	
State	6.00
Local	1.25
SCOS	0.25
SEGR*	0.125
	<u>7.625</u>

50 Stanislaus	
State	6.00
Local	1.25
STCL	0.125
	<u>7.375</u>

51 Sutter	
State	6.00
Local	1.25
	<u>7.25</u>

52 Tehama	
State	6.00
Local	1.25
	<u>7.25</u>

53 Trinity	
State	6.00
Local	1.25
	<u>7.25</u>

54 Tulare	
State	6.00
Local	1.25
	<u>7.25</u>

55 Tuolumne	
State	6.00
Local	1.25
	<u>7.25</u>

56 Ventura	
State	6.00
Local	1.25
	<u>7.25</u>

57 Yolo	
State	6.00
Local	1.25
WOGT*	0.50
WSTU*	0.50
	<u>8.75</u>

58 Yuba	
State	6.00
Local	1.25
	<u>7.25</u>

*ACTA expired 3/31/02 and ACTI became operative 4/1/02. The tax rate remained unchanged at 8.25%.
The tax in this district is not imposed throughout the county; it is a citywide tax. The county total includes the citywide district tax.